

FISCAL NOTE

SB 705 – HB 1227

April 4, 2007

SUMMARY OF BILL: Enacts the “Parental Choice Scholarship Program Act of 2007” to provide scholarships for students from households with incomes that do not exceed an amount equal to two and one-half times the income standards used to qualify for reduced price lunch. Students could attend a participating public school outside of the resident district or a participating non-public school. Transportation is provided to such students.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$111,700 Recurring/DOE FY07-08
\$9,500 One-Time/DOE FY07-08
Increase Local Govt. Expenditures* – Exceeds \$28,448,400

Assumptions:

- Participating students would be counted in the LEA enrollment figures for the purposes of calculating funding for the LEA. Funds needed for the scholarships would be subtracted from funds going to the LEA and are reflected as an increase in local government expenditures. Any aid the LEA would have received in excess of the scholarship amount would be kept by the state.
- Based on voucher programs in other states, the average rate of participation is 1-5%.
- According to the Department of Education, an estimated 20,000 students statewide could elect to transfer from one LEA to another LEA. For students remaining within public educational facilities, there would be a shifting of funds (expenditures and revenues) from one LEA to another LEA with no significant impact at the local level, excluding transportation.
- In addition, an estimated 2,470 students could elect to attend private educational facilities statewide. For students electing to attend a private school, the per-pupil revenue would be lost to the LEA and gained by the private school.
- The percentage change in the student population statewide would not be large enough to impact the number of required teachers based on classroom size or the number of administrators in any one LEA.
- The scholarship amounts shall be calculated on the student's household income based on a percentage of the participating school's annual cost

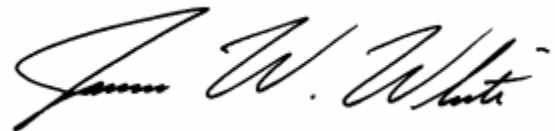
per pupil or the dollar amount the resident school district would have allocated per pupil from state and local sources.

- For purposes of this estimate, the amount of the scholarship is estimated to be an average amount of \$7,469. The expenditure for scholarships is estimated to be \$18,448,430 (\$7,469 scholarship x 2,470 students).
- Eligible students who qualify for free and reduced lunch may attend any participating school at no charge to the student.
- Recurring costs incurred in Year 1 by the Department of Education in administering the scholarship program are estimated to be \$67,830 for an educational consultant; \$32,718 for an administrative assistant; and \$11,100 for travel and related costs. One-time expenditures are estimated to be \$9,500 for computers, furniture and filing cabinets.
- Any cost to the Department of Education to inform parents and students annually of the participating schools; to create the application for the program; and to post the application on its website is estimated to be not significant.
- Additional transportation costs of the LEA to transport students to participating schools, which might be outside current transportation zones is estimated to exceed \$10,000,000 (2,470 students x \$443.43 based on statewide transportation costs per student).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a long horizontal stroke at the end.

James W. White, Executive Director